

DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBER: 98-0465
Sales Taxes
Calendar Years 1995, 1996, and 1997

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ISSUE(S)

I. **Tax Administration** – Books and Records

Authority: IC 6-8.1-5-4

Taxpayer protests the assessments.

STATEMENT OF FACTS

Taxpayer, incorporated under the laws of Indiana, operates a jewelry store and pawnshop. Upon audit it was discovered that taxpayer's records were inadequate. The auditor allowed the taxpayer ample time in which to identify its dealer sales which were consequently removed. Taxpayer protested wholesale sales and states that it knows the persons were dealers, therefore it did not keep names or addresses. An audit was completed on May 26, 1998 based upon documentation provided the auditor and on May 17, 1999, a supplemental was prepared to reduce sales that the auditor believed were reasonably dealer sales. Taxpayer protests and states that it was never advised to get postal receipts, shipping tickets, or invoices showing out of state shipment.

On April 29, 1999, the department returned the audit to the auditor to verify exempt sales protested in taxpayer's letter dated August 3, 1998. A supplemental audit was prepared that allowed all adjustments the taxpayer protested with the exception of two relating to a used camera and a photo album totaling \$200. The taxpayer is still in disagreement with the auditor but is unable to provide proof.

At hearing, taxpayer protested the inclusion of dealer sales. Documentation was provided to allow the department to negate additional assessments.

The department will adjust the audit for items that can be reasonably verified.

I. **Tax Administration** – Notice

DISCUSSION

At issue is whether the taxpayer has exempt dealer sales.

Taxpayer, in the department's numerous attempts to rectify the audit, had failed to supply information to warrant an adjustment to the liabilities with the exception of dealer sales already verified by the auditor. In discussions at hearing and a review of additional documentation, it was determined that the taxpayer had additional tax exempt sales.

Taxpayer was advised at hearing, that the department would not remove sales where no exemption certificate or shipping ticket was provided. The file is being returned to the Audit Division for review of documents provided and a supplemental audit.

FINDING

Taxpayer's protest is sustained in part and denied in part.